

**IN THE UNITED STATES DISTRICT COURT  
FOR THE SOUTHERN DISTRICT OF NEW YORK**

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BRECKENRIDGE PHARMACEUTICAL, INC.,	)	
	)	
Plaintiff,	)	
	)	
v.	)	Civil Action No. 08-cv-03479
	)	
INTERPHARM HOLDINGS, INC., and	)	
INTERPHARM, INC.,	)	
	)	
Defendant.	)	
_____		

**DECLARATION OF LARRY J. LAPILA IN SUPPORT OF THE MOTION OF  
BRECKENRIDGE PHARMACEUTICAL, INC. FOR A PRELIMINARY INJUNCTION**

LARRY J. LAPILA declares, under penalty of perjury, that the following is true and correct:

1. I am the Vice President of Business Development for Plaintiff Breckenridge Pharmaceutical, Inc. ("Breckenridge"), where I have been employed since 2001. I have been engaged in the development, marketing, and sales of pharmaceutical products for more than 25 years, and am familiar with the relevant practices and terminology in the pharmaceutical industry.
2. In 1997, Breckenridge began supplying the first alternative to the "brand name" version of prescription tablets containing esterified estrogens and methyltestosterone ("EE/MT" or the "Product").
3. Breckenridge has thus spent more than a decade developing customer good will and establishing its reputation as a reliable source for EE/MT.
4. This reliability as a provider able to meet its customers needs for this product is an important factor in the pharmaceutical industry in maintaining a company's business

reputation, and thus in building and maintaining customer good will.

5. I have reviewed the data supplied by Breckenridge to Interpharm Holdings, Inc. and Interpharm, Inc. (collectively, "Interpharm") on a monthly basis pursuant to a temporary profit-sharing agreement. These monthly reports constitute a highly-valuable snapshot of Breckenridge's share of the entire EE/MT market, containing a comprehensive matrix of information regarding the total gross sales, total units, per unit pricing, chargebacks and rebates, total net sales, total profit, and other information related to each and every one of several dozen customers of Breckenridge (the "Proprietary EE/MT Sales Data").

6. In the pharmaceutical industry, the kinds of information contained in the Proprietary EE/MT Sales Data, particularly the historical units sales volume for each customer, require considerable time, effort, and resources to gather, which is possible only after years of developing and nurturing customer relationships.

7. Moreover, such information is not easily obtainable in any other way. Generally, a commercial buyer of pharmaceutical products will not divulge the price at which it is currently purchasing the product, because of a confidentiality agreement or established loyalty with its existing supplier, because such buyers seldom take the time to communicate in detail with new suppliers without a track record, and because any such buyers interested in switching suppliers will want any new supplier to have to bid as low as possible.

8. Accordingly, a new competitor for supplying pharmaceutical products will usually have to submit a bid without knowing the actual price with which it is competing, and so will propose pricing it believes is lower than existing pricing but not low enough to diminish its profit.

9. A customer's relationship with an established distributor, and the customer good will built over time by that supplier, also play a factor in a buyer's decision whether to accept

new lower pricing or to retain its existing distributor with whom it has an existing relationship.

10. Moreover, with literally hundreds of prospective buyers in the alternative pharmaceutical market, it is practically and administratively difficult to solicit and market each and every buyer.

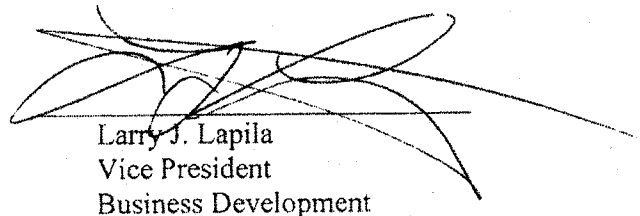
11. Thus, Breckenridge's Proprietary EE/MT Sales Data are highly valuable because they constitute the exact type of information necessary for a competitor to enter the market with a competitive advantage. They are very recent data, and they provide Interpharm with the knowledge necessary to select and pinpoint the ideal customer: high-volume customers, repeat customers, higher-paying customers, customers with minimal rebate and chargeback amounts -- or any strategic combination thereof. In other words, the Proprietary EE/MT Sales Data provides a clear roadmap to market high-value business.

12. Moreover, since Breckenridge provided these Proprietary EE/MT Sales Data for a year, Interpharm can also evaluate the historical trends for Breckenridge customers, *i.e.*, whether a certain customer has increased its annual volume, maintained its pricing, rebate, or chargeback levels.

13. This information involving several dozen customers took years of relationships to develop, and would confer great commercial advantage to any new competitor entering into the EE/MT market, such as Interpharm here.

I declare under penalty of perjury, that the foregoing is true and correct.

Executed on April 18, 2008.



Larry J. Lapila  
Vice President  
Business Development